

**FALSE CLAIMS ACT POLICY SUMMARY
SPARROW HEALTH SYSTEM
JANUARY 2007**

PURPOSE/POLICY

Sparrow Health System (Sparrow) has a responsibility to detect and prevent fraud and abuse. Sparrow, through its Compliance Plan and other policies, is committed to the highest standards of ethical behavior, and the submission of accurate claims to all payers, including federally funded payers such as Medicare and Medicaid. Sparrow is also responsible for making Associates, independent contractors and agents aware of its policies for detecting and preventing fraud and abuse, the Federal and State False Claims Acts, and related whistleblower provisions.

SPARROW'S POLICIES

Sparrow has established policies to prevent fraud, waste and abuse. These policies are included in the Sparrow Health System Compliance Plan (Plan). This Plan helps to ensure appropriate claims are made to government programs, through:

- Development of policies on appropriately submitting and processing claims for services.
- Education regarding the Plan and Department/Affiliate Compliance Plans.
- Monitoring and auditing to prevent or detect errors in coding or billing.
- Investigating all reported concerns and correcting errors that are discovered.
- Promoting the Compliance Hotline for reporting, including protection from retaliation when concerns are reported in good faith.

RELATED LAWS

- False Claims Acts – the federal and state false claims acts make it a crime to knowingly file a false claim with the government for payment. “Knowingly” includes deliberate ignorance or reckless disregard of the truth. Penalties for submitting a claim range from \$5,500 to \$11,000 per claim.
- Whistleblower Actions – a person with knowledge of a false claim can file a lawsuit in federal or state court on behalf of the government. The government will review the case and evidence and decide whether to intervene.
- Whistleblower Protections - both the federal and state laws protect individuals who report possible false claims made by their employer against being fired or demoted due to such actions. Employees who are discriminated against based on whistleblowing activities may sue in court for damages.

MORE INFORMATION

More detailed information can be found in the Sparrow Health System False Claims Act Policy, attached; on the Internet at www.sparrow.org., or on the Compliance Department page of the Sparrow Intranet.